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The Role of Good Corporate Governance on Profitability of Financial Institutions in Supporting Agricultural Development: A Roadmap for Future Research

Muhammad Sardy Sujadi Mido[1*], Dedy Takdir Syaifuddin[2], Muntu Abdullah[3] and Sujono[3]

[1]Doctoral Program in Management Science, University of Halu Oleo, Kendari, Indonesia;[2]Department of Management Science, University of Halu Oleo, Kendari, Indonesia; [3]Department of Accounting, University of Halu Oleo, Kendari, Indonesia

[*]Corresponding author's e-mail: hasddinjali@yahoo.com

Profitability assessment in agricultural financial institutions is sometimes less noticed by scientists, resulting in limited theoretical and empirical evidence in explaining the performance of financial institutions that focus on financing agricultural and agribusiness development. Meanwhile, the farm sector in several countries contributes significantly to creating macroeconomic growth. This study aims to present empirical evidence on the role of good corporate governance on the profitability of agricultural financing institutions and present important points in formulating a roadmap for future research that is useful in developing new theories. This study uses a systematic literature review approach from current journals. The journal search used the question keywords "Corporate Governance, Financial Performance, Agriculture", so 25 main journals were obtained that were indexed in international databases, and supported by 39 other journals to help explain the research findings. Based on the results of the analysis, it is known that research on corporate governance and financial performance in agricultural development was conducted in the period 2017-2024, with the largest number in 2021. The majority of researchers concluded that good corporate governance has been shown to have a positive impact on financial performance and profitability. This means that the development and sustainability of agricultural sector businesses must begin with strengthening corporate governance. The analysis results also found that the assessment of corporate governance and profitability against the macro economy has not been carried out, so the explanation and empirical evidence in agricultural development are very limited. Suppose there is a finding that GCG significantly impacts profitability, and another finding gives an insignificant negative effect. This agenda is certainly a roadmap for the future to conduct a more in-depth study, it will be very strong to analyze together the role of good corporate governance, macro economy, financial literacy, and profitability. The practical implication is that to improve financial performance in agricultural sector companies, GCG must be enhanced by determining the ideal proportion of management composition (board of directors and audit committee) and mitigating early on the potential for conflicts of interest or tensions between managers.

Keywords: Agricultural development, agricultural finance, good corporate governance, Profitability, performance, macroeconomics.

INTRODUCTION

Conceptually, governance encompasses all practices, processes, and policies that help a company or business steer its business in the right direction. This context is explicitly referred to as good corporate governance (GCG). Thus, everything done in a company or business focuses on the 'big picture' of governance. These tasks include checking financial stability, creating long-term strategies, planning risk management, and overseeing the wider industry.

In the current context, the practice of good corporate governance (GCG) has attracted the attention of researchers to expand its application. It finally came to the modern interpretation of good corporate governance as a scheme of policies and processes adopted by companies to reduce agency problems by considering the differences between owners and managers. Roy (2018); and Ali *et al*., (2021) continue that the corporate governance system determines the appropriate lines of responsibility by considering the extent of the relationship between the company itself and the company's main constituents.

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The practice of governance (GCG) can be seen from various characters. There are at least three things that make a good starting point in good business/corporate governance, namely doing the right thing, being honest about what to do, and taking responsibility for actions and decisions. It is therefore argued that governance helps business owners to always act in their best interests (Ningsih *et al*., 2023; Ria, 2023; Fariha *et al*., 2022; Boshnak, 2021; Akbar *et al*., 2019; Roy, 2018; and Roy, 2016). More specifically, governance can improve business performance, help it become more stable and productive, and open up new opportunities. Furthermore, governance can reduce risk, and enable faster and safer growth, and can enhance reputation and foster trust (Aleqedati *et al*., 2022; Abatecola *et al*., 2012; and Chou *et al*., 2013).

Good governance is proven to be able to develop a business. Good governance, at the very least, guides a business path based on developing a clear vision of the future and business objectives. At the same time, governance is able to improve performance and get better financial results, gain a competitive advantage, determine and find an appropriate action on new opportunities, and attract investment more easily.

Good governance for business development can be seen from the point of view of the ability to manage risk. As cited from Huynh *et al*.(2022); Lindawati, (2020); Mahrani and Soewarno (2018); and Al-Homaidi *et al*., 2018), by implementing risk-based governance, a business is easier to understand current risks and gain insight into possible future risks. Then supported by the ability to create strategies to reduce or avoid risks, eliminate opportunities for fraud, corruption, or mismanagement, and learn from the experiences and mistakes of others.

The ability to manage a business based on a vision of business development, finance and organising the organisation (manager) as reviewed above has theoretically been proven. Ria (2023); Ali *et al*. (2021); Chabachib *et al*., (2020); Wijaya *et al*. (2020); Bhagat and Bolton (2019); and Ali *et al*. (2017) in their studies state that good business governance (GCG) is able to create good financial performance characterised by the ability to generate and stability of profit (profitability). Even the role of GCG contributes very significantly to profitability (Pucheta-Martínez and Gallego Álvarez, 2020; Kusuma and Ayumardani, 2016; and Malik and Makhdoom, 2016).

However, in some cases it is found that GCG has not consistently been able to explain its significant role in generating the profitability of a business. This is based on the findings of Muhammad *et al*., (2021); Pintea *et al*. (2020); Al-Ahdal *et al*. (2020); Riyadi and Santoso (2018); and Aldalayeen (2017) that GCG has no impact on financial performance, some even report a negative and insignificant relationship with performance (profitability).

Based on the above review, the direction of future development can be said to be partly based on institutions. This seems to be in line with the future development agenda in relation to sustainable natural resource management (Alwi *et al*., 2024) which is packaged in the SDGs. The governance of an organisation is closely linked to SDG goal 16 (Peace, Justice and Resilient Institutions); and goal 17 (Partnerships for the Goals). The context of natural resource management, such as agriculture, is a focal point for sustainability as stipulated in SDG goal 12 (Responsible Consumption and Production). To align with the SDGs agenda, it is important to introduce good business governance in the agricultural sector, in short, agricultural business governance.

The governance of agricultural businesses is important because the main actors are farmers, so everyone who runs a business must have a sense of responsibility for the welfare of farmers. This is because farmers are the actors who provide food for consumption and production for all (Bindarto *et al*., 2024). Good agricultural business governance practices are expected to teach producer farmers to determine what to produce, how to sell it, when and where to buy goods needed for production and consumption. At the same time, Chou *et al*., (2021) good agricultural business governance can help farmers to increase their income; reduce conflicts between farmers and the government; help farmers to get good access to marketing of agricultural products; and help farmers to improve food security.

Corporate governance for agricultural development is widely practised in tropical countries where agriculture is the mainstay of development. For example, in Africa (Jean-Petit and Zheng, 2022), more specifically Kenya by Aluoch (2022); Aluoch (2021); Piri *et al*. (2019); Shikanga *et al*. (2018); and Ngwenze and Kariuki (2017), and Nigeria by Idagiju *et al*., 2024); and Nwafor (2022) have conducted many experiments in search of key factors of agricultural business governance. In Asia, China, Indonesia, including Iran have tried to investigate governance practices at the industrial and medium-sized company scale as reported by Simanjuntak *et al*. (2024); Ture and Cahyaningsih (2023); Sibuea *et al*. (2022); Nuryanah *et al*. (2021); Widia *et al*. (2021); Zheng (2021); Pasco *et al*. (2021); Ronaghi *et al*. (2020); and Syamni *et al*. (2017).

Efforts to improve good governance of agricultural businesses are also made in Europe as reported by Noja *et al*. (2023); and Tleubayev *et al*. (2021); Tleubaye *et al*. (2020); Ronaghi *et al*., (2020); and Maričić *et al*., (2018). Even the United States is still interested in discussing the role of good agricultural governance to support its food security (Pokharel *et al*. 2019).

The fact is that the practice of agricultural business governance has not been in line with ideal conditions. The challenge is to align the visions and missions of organisations involved in agricultural development. In the case of Brazil, business owners and management do not have the same ideas in responding to external dynamics that have a significant impact on financial performance. Therefore Américo *et al*., (2021) in their study mentioned that the governance of

agricultural companies is at a low level, due to agency conflicts.

The spotlight on agricultural governance has an impact on agricultural performance. For example, in Indonesia, in the period 2014-2023 there was a decrease in rice production of around 1% every year. Agricultural governance in Indonesia does not only occur at the business level, but also at the government level. This is based on the increase in the price of cooking oil, while Indonesia is the largest producer of Crude Palm Oil (CPO) in the world (Syarbiah *et al*., 2024).

Criticisms have been levelled by many regarding poor governance, especially the theoretical limitations in determining the profitability performance of agricultural companies. The research attempts to clarify the new thesis and antithesis regarding the role of good governance in profitability performance. The output will present theoretical implications in the form of keywords for future research roadmaps in constructing a new theory on the role of good governance of agricultural companies to strengthen their profitability.

LITERATURE REVIEW

***Development of good corporate governance (GCG)*:** The concept of Good Corporate Governance (GCG) has become an indispensable foundation in the contemporary world of business and finance. GCG encompasses principles that encapsulate how companies and organisations govern themselves, including important elements such as transparency, accountability, fairness and protection of shareholder rights. Understanding the long journey and development of GCG to date, the following reviews the history of GCG development in various eras, starting from the classical era to the modern era involving increasingly complex corporate and governance dynamics.

Classical Era and Early Development of GCG: During the classical era, the concept of GCG as we know it today was not fully formed. However, history records some practices and principles that show early thoughts on how to manage businesses and organisations with good ethics. For example, in Ancient Greece, philosophers such as Plato and Aristotle had discussed ethical issues in business and the role of owners in managing companies. These principles provided an early foundation for the understanding of the owner's responsibilities towards shareholders and society more broadly (Accounting and Finance Development Centre, 2023).

Classical era (4th century BC - 18th century AD), companies were still in the form of family businesses or simple trading partnerships. The principles of GCG were not yet explicitly visible, but there were already several basic values underlying business management, such as honesty, fairness, and responsibility. Examples of companies established in this era are the Bank of Venice (1157), the Bank of Barcelona (1401), and the Bank of Amsterdam (1609) (Center for Accounting and Finance Development, 2023).

Industrial Revolution and Separation of Ownership: The more tangible development of GCG occurred during the Industrial Revolution in the 18th and 19th centuries. As companies began to grow larger and more complex, the separation between ownership and management of the company became increasingly important. Dispersed shareholders needed a mechanism to protect their interests. That is when the concept of the board of directors and executive management emerged as key elements in the Company structure (Center for Accounting and Finance Development, 2023).

Industrial Revolution Era (18th-19th century): During this period, there were massive changes in technology, transportation, and communication that triggered economic growth and global trade. Companies began to grow larger, more complex, and more diverse. New forms of companies such as limited liability companies and conglomerates emerged. GCG principles began to be needed to regulate the relationship between capital owners, management, and other parties involved in the business. Examples of companies that were established in this era are the East India Company (1600), the New York Stock Exchange (1792), and General Electric (1892) (Center for Accounting and Finance Development, 2023).

Influence of World Wars and Regulation: After World Wars I and II, there were significant developments in corporate regulation and rules. The public became increasingly aware of the significant impact that corporations have on the economy and society, and therefore, stricter GCG principles became increasingly important. Regulatory bodies such as the Securities and Exchange Commission (SEC) in the United States were established to oversee the capital markets and ensure transparency and accountability (Center for Accounting and Finance Development, 2023).

Modern era (20th century - present): During this period, there were rapid developments in politics, society, culture, and the environment that affected the business world. Companies face increasingly complex and dynamic challenges and opportunities. GCG principles are becoming increasingly important to maintain the trust, reputation, and credibility of the company in the eyes of shareholders, stakeholders, and the community. Various standards, codes of ethics, regulations, and best practices of GCG have also emerged at the national and international levels. Examples of companies that were established in this era are Microsoft (1975), Google (1998), and Alibaba (1999) (Saptono and Purwanto, 2022).

Globalization and International Standards: In the era of globalization, many companies operate in various countries with diverse business regulations and cultures. This has triggered efforts to create international standards in GCG. Several international organizations such as the International Monetary Fund (IMF), the World Bank, and the Organization

for Economic Co-operation and Development (OECD) have played a role in developing GCG guidelines adopted by many countries (Saptono and Purwanto, 2022).

Future Challenges and Conclusion: Today, GCG continues to face new challenges, including sustainability issues, ethics in artificial intelligence, and business resilience in the face of profound changes. However, the development of GCG from the classical to the modern era reflects an awareness of the importance of ethics, transparency, and accountability in the business world. In conclusion, GCG has become a major foundation for managing companies and organizations in the modern era, and a better understanding of its history can help us address future challenges more wisely and responsibly (Saptono and Purwanto, 2022).

The stages of GCG development that have occurred since the classical to modern eras show how important GCG is in maintaining the stability and sustainability of the company amidst changes in the business environment. In the modern era, GCG is increasingly becoming the main focus of the company, which must be prioritized to achieve good performance, value, and accountability. Companies must understand the principles of GCG and implement them in every aspect of their business to achieve sustainable long-term goals.

Definition and Measuring GCG**:** GCG is the principles underlying a process and mechanism for managing a company to improve business success and accountability to realize the company's value in the long term while still paying attention to the interests of the company's stakeholders based on laws and regulations and business ethics values.

GCG is one of the main elements for banks to reduce excessive risk and maintain the stability of the bank's financial system (Anginer et al., 2018). The presence of the GCG concept is necessary for banks, considering that GCG requires a good governance system that can help build shareholder trust and ensure that all stakeholders are treated equally. A good system will provide effective protection to shareholders to return their investments fairly, appropriately, and efficiently, and ensure that management acts in the interests of the company. Then Mahrani and Soewarno, (2018) provide evidence that companies that improve good corporate governance mechanisms are able to increase the company value by 10-12%

Nuryana and Surjandari (2019) in their study stated that GCG can be classified into two groups of driving path systems, namely internal and external. Internal devices are a way of controlling the company using internal structures and processes such as the size of the board of directors, independent directors, and audit committees. External mechanisms are a way to influence the company other than using internal actions, such as control by the company and market dominance.

The measurement of GCG by researchers specifically refers to several internal aspects which are the company's control over internal structures and processes. The measurement of GCG in this study includes: Board size; Board meeting; Board independence; Independent directors; Proportion of independent directors; meeting attendance; Experience directors; Audit committee; Audit committee meetings; and Audit committee independence (Ria 2023; Ningsih *et al.*, 2023; Aleqedati *et al.*, 2022; Fariha *et al.*, 2022; Boshnak, 2021; Akbar *et al.*, 2019; and Roy, 2016).

Profitability**:** Gazi *et al.*, (2024); and Athanasoglou *et al.* (2008) stated that profitability is expressed as a function of internal and external determinants. Internal determinants can be referred to as micro or bank-specific profitability determinants. While external determinants are variables that are not related to bank management but reflect the economic environment that affects the operations and performance of financial institutions.

Profitability is the ability of a company or business to generate profits or gains from its operational activities. This is an important measure in analyzing the financial health of a business, as it indicates how efficient the company is in generating profits from each unit of sales or investment made (Gazi *et al.*, 2024).

The determinants of profitability from the internal aspect need to consider factors that affect profitability, generally studied based on the leverage ratio factor (Gazi *et al.*, 2024; and Noman *et al.*, 2015); capital adequacy, liquidity, bank size (Gazi *et al.*, 2024; and Florid and Purnamasari, 2023). Profitability is often measured by financial ratios such as: a) Return on equity/ROE (Ullah *et al.*, 2020; Brigham and Houston, 2019; and Ali and Puah, 2018); b) Return on assets/ROA (Ria, 2023; Brigham and Houston, 2019; and Hussanie and Joo, 2019); and c) Net interest margin (Widyakto *et al.*, 2023; and Wahyudi *et al.*, 2021).

MATERIALS AND METHODS

This study uses a literature study paradigm also called a literature review with a systematic approach. Systematic literature review research is research that critically examines or reviews knowledge, ideas, or findings contained in the body of academic-oriented literature, and formulates its theoretical and methodological contributions to a particular topic (Lim *et al.*, 2022; Luft *et al.*, 2022; Kosztyán *et al.*, 2021; and Pursell and McRae, 2020). Research with a systematic review uses secondary source data such as journals (Snyder 2019; and Palmatier *et al.*, 2018).

There are three main stages or processes carried out in research with systematic literature review, namely planning, conducting, and reporting (Chukwuere 2023; Galvan and Galvan, 2017; Ravitch and Riggan, 2016; and Tricco *et al.*, 2015). The operational stages in this study are described as follows:

1. ***Planning*****:** First, determine the Research Question (RQ) or research question. The research question chosen by the

researcher is "How is the Role of Corporate Governance and Financial Performance in Agricultural Development".

2. ***Conducting*:** The stage is a follow-up to Stage I. Carried out in three steps:
   a) Determination of literature search keywords (search string) based on the Research Question (RQ). The keywords in question are "Good Corporate Governance, Financial Performance, Profitability, and Agricultural Development"
   b) Determination of literature search sources. The literature in question is an international journal. The search uses software assistance to make it easier to manage literature with Zotero.
   c) Filtering and limiting literature searches. The criteria are (i) Only taking international journals; and (ii) Journals in the publication period in the last 10 years. Through this process, journals that appear consistently according to the search keywords are journals published in 2017-2024.
   d) Data extraction, then synthesizing various things that we find from the literature that has been selected.
3. ***Conducting*:** The stage of writing research results in a journal manuscript (journal draft) for publication. The contents of the manuscript are by standard provisions, starting from abstract, keywords, introduction, literature review, methodology, results, discussion, conclusions, recommendations, and references.

Based on the three stages, 25 secondary sources were obtained as the main review that was analyzed. To strengthen the explanation of the findings, it is supported by 39 journals that are relevant to GCG and profitability.

Based on this, the data of this study uses secondary data sourced from journals. The technique of taking it refers to the stages described above. The data is then analyzed using a qualitative approach. According to Perry and Hammond (2002), the qualitative approach in systematic review analysis is to synthesize (summarize) the results of qualitative descriptive research. The method of synthesizing (summarizing) the results of qualitative research is called meta-synthesis. Meta-analysis is an analysis technique that integrates data to obtain new theories or concepts or a deeper and more comprehensive understanding.

RESULTS

***The Role of GCG and Profitability in Explaining the Financial Performance of the Agricultural Sector*:** Research investigating the role of good corporate governance and financial performance in agricultural development in the last 10 years took place between 2017 and 2024. As seen in Figure 1, of the 25 journals analyzed, the most were conducted in 2021, namely 7 journals or 28%, while the lowest were in 2017, 2020, 2023, and 2024, each around 8% of the total journals.

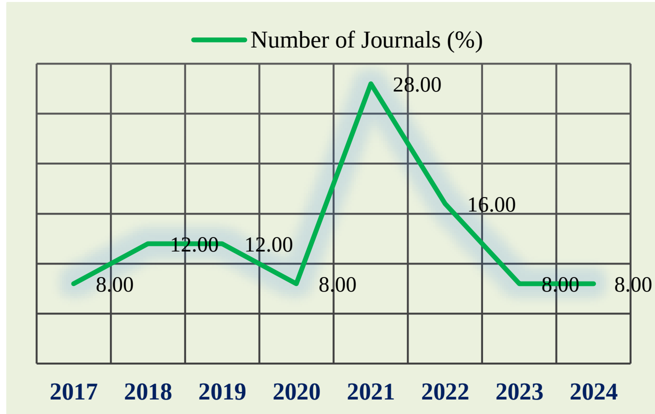

Figure 1. Distribution of Number of Journals According to Publication Time (Year)

Studies focusing on the role of good corporate governance and financial performance in agricultural development are found in four continents, and the rest are review studies. As presented in Figure 2, Africa, Europe, and Asia each account for 27.25% and America 18.18% of the total journals.

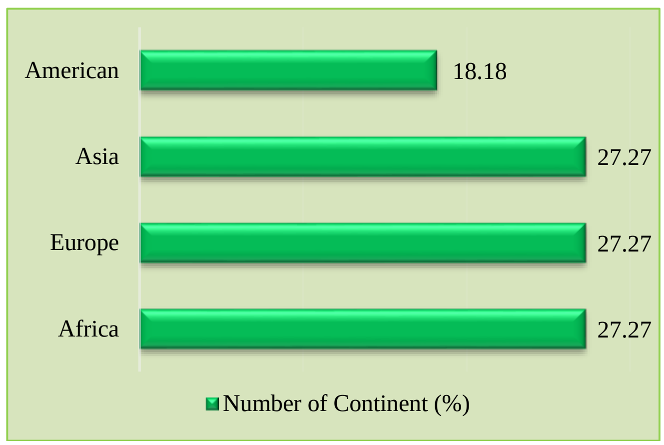

Figure 2. Distribution of the Number of Journals by Continent.

Indonesia conducted the most research, 6 journals or 24%, followed by Kenya (20%), and the lowest were in New Zealand, Serbia, Brazil, the United States, and Iran, each contributing 4%. Complete information can be seen in Figure 3.

The results of the research topic mapping focused on seven things, which also served as a factual depiction of the country itself. As presented in Table 1, researchers in Indonesia focused more on two things, namely the topic of GCG in managing Corporate Social Responsibility (CSR) towards profitability; and GCG towards profitability.

Table 1. Mapping of Research Topics.

No.	Research Topics	Journal frequency	Place (Country)	Source (Researcher)
1	GCG (CSR) – Profitability	1	Indonesia	Syamni *et al.* (2017)
2	GCG - Profitability	4	Kenya, Africa in General, Indonesia	Jean-Petit and Zheng, (2022); Sibuea *et al.* (2022); Ture and Cahyaningsih (2023); and Simanjuntak *et al.* (2024)
3	GCG - Financial Performance	11	New Zealand, Kenya, Nigeria, Russia, China, Indonesia, and Review Studies	Roudaki (2018); Ngwenze and Kariuki (2017); Nwafor (2022); Shikanga *et al.* (2018); Tleubaye *et al.* (2020); Aluoch (2021); Pasco *et al.* (2021); Zheng (2021); Nuryanah *et al.* (2021); Noja *et al.* (2023); and Idagiju *et al.* (2024)
4	GCG - Cooperative	3	Serbia, Brazil and the United States	Maričić *et al.* (2018); Américo *et al.* (2019); and Pokharel *et al.* (2019)
5	GCG - Business Loans/Credit	1	Kenya	Piri et al., (2019)
6	GCG - Agricultural Development	3	Iran, Nigeria, and Review Studies	Chou *et al.* (2021); Ronaghi *et al.* (2020); and Tleubayev *et al.*, (2021)
7	GCG - Macroeconomics-Financial Performance	2	Kenya	Aluoch (2022); and Widia *et al.* (2021)

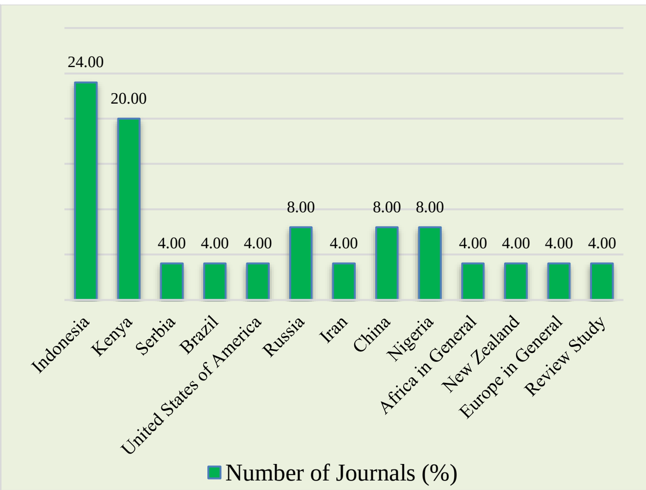

Figure 3. Distribution of the Number of Journals by Country.

In Kenya, GCG was studied in four things, namely GCG towards profitability, GCG towards financial performance, GCG towards business credit financing, and GCG, macroeconomics towards financial performance. These two countries have the same topic of analysis, namely the assessment of financial performance (profitability) in agricultural businesses, especially those listed on the stock exchange.

The same topic also occurs in the United States, Serbia, and Brazil, namely the study of GCG in agricultural cooperatives. Likewise, Iran and Nigeria are both studying GCG in agricultural development, and New Zealand, Kenya, Nigeria, Russia, and China are studying GCG in financial performance.

Other information is the frequency of research topics by country as presented in Figure 4. It is known that most research topics are about the role of GCG on the financial performance of 44% conducted in New Zealand, Kenya, Nigeria, Russia, China Indonesia, and review studies. Followed by GCG on profitability of around 16% conducted in Kenya, Africa in General, and Indonesia. Topics that are discussed a little about CSR-Profitability, and GCG-Business Loans/Credits, each only 4%.

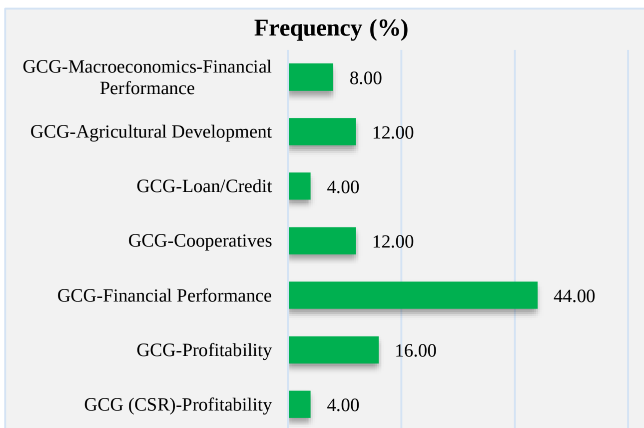

Figure 4. Frequency of Research Topics 2017-2024.

GCG on financial performance as the highest means that this topic is the most in-demand while representing the global conditions in GCG implementation. Therefore, future research on this topic is likely to continue to be carried out by bringing a new paradigm, which ultimately contributes scientifically to be constructed by parties interested in GCG and financial performance.

Table 2. Development of Research Topics 2017-2024.

Year	Topics	Amount	%
2017	GCG (CSR) – Profitability	1	6.25
2018	▪ GCG - Financial Performance ▪ GCG - Cooperatives	2	12.5
2019	▪ GCG – Cooperatives ▪ GCG - Business Loans/Credit	2	12.5
2020	▪ GCG - Financial Performance ▪ GCG - Agricultural Development	2	12.5
2021	▪ GCG - Financial Performance ▪ GCG - Agricultural Development	2	12.5
2022	▪ GCG – Profitability ▪ GCG - Financial Performance ▪ GCG-Macroeconomics-Financial Performance	3	18.75
2023	▪ GCG - Financial Performance ▪ GCG - Profitability	2	12.5
2024	▪ GCG – Profitability ▪ GCG – Financial Performance	2	12.5

As seen in Table 2, the dominant and fairly consistent topics discussed during the observation period were GCG on financial performance, followed by profitability. Meanwhile, other topics such as CSR were only discussed in 2017. The topic of cooperatives was only in 2018. Then loans/credit in 2019, agricultural development in 2020 and 2021, and macroeconomic topics only in 2022.

Results (Findings) and Future Research Roadmap: The results of the analysis of previous research findings are summarized in ten points, as presented in Table 3. The findings are: 1) GCG has a significant impact on profitability, thus giving a positive sign to investors; 2) Low GCG in the management of Cooperatives; 3) GCG contributes to the growth of the agricultural economy and agribusiness; 4) International policies, group participation, and compliance standards have the highest importance and ranking in the development of agricultural businesses; 5) GCG and macroeconomics have a significant influence on the financial performance of agricultural companies; 6) GCG has a positive

Table 3. Research Findings 2017-2024.

Researcher	Findings	Future Research Suggestions	Keywords Future Research
Idagiju *et al*., (2024); Simanjuntak *et al*., (2024); Noja *et al*., (2023); Roudaki (2018); Shikanga *et al*., (2018); Maričić *et al*., (2018); Ngwenze and Kariuki (2017); Syamni *et al*., (2017)	GCG has a significant impact on profitability, thus providing a positive signal for investors.	Investigating other sectors as dummy variables, and having an ideal composition of the number of audit committees	▪ Investigation of GCG, profitability, macroeconomics, and financial literacy on the financial performance of agricultural businesses. ▪ Special notes: ▪ GCG with dummy model, and ▪ Macroeconomics focuses on employment, poverty, markets, and group participation.
Américo *et al*., (2019); Pokharel *et al*., (2019)	Low GCG in Cooperative management	Attempt to minimize agency conflicts	
Nwafor, 2022); Sibuea *et al*., (2022); Jean-Petit and Zheng (2022); Tleubayev *et al*., (2021); Tleubaye *et al*., (2020); Piri et al., (2019)	GCG contributes to the growth of agricultural and agribusiness economy	Creating a balance between the size of the board of directors and the number they can maintain so as not to affect performance	
Ronaghi *et al*., (2020)	International policies, group participation, and compliance standards have the highest importance and ranking in agricultural business development.	Focus on implementing agricultural GCG to increase employment, financial markets, and group participation.	
Aluoch (2021); Pasco *et al*., (2021); Zheng (2021)	GCG and macroeconomics have a significant influence on the financial performance of agricultural companies.	Review of GCG principles to improve the company's financial performance.	
Chou *et al*. (2021)	GCG has a positive effect on agricultural business performance		
Widia *et al*. (2021)	GCG has a positive impact on performance, but negative on stock prices		
Nuryanah *et al*. (2021)	Poor GCG so that the company is indicated to have failed	The importance of financial literacy and GCG for the development of agricultural companies	
Aluoch (2022)	GCG memiliki dampak negatif terhadap pengembalian aset,	GCG needs to be improved by finding new formats	
Ture and Cahyaningsih (2023)	GCG menunjukkan efek negatif terhadap profitabilitas	Increase profitability in industry segments to help make informed financial decisions	

effect on the performance of agricultural businesses; 7) GCG has a good impact on performance, but a negative on stock prices; 8) Poor GCG so that the company is indicated to fail; 9) GCG has a bad effect on asset returns; and 10) GCG shows a negative effect on profitability.

Some researchers also honestly imply research limitations as a basis for formulating future agendas. Future research suggestions in this study are then synthesized to lay a roadmap for future researchers.

As presented in Table 3, the direction of future research is aimed at "investigating GCG, profitability, macroeconomics, and financial literacy on the financial performance of agricultural businesses. Specifically, GCG variables with dummy models. Macroeconomics focuses on employment, poverty, markets, and group participation. The intended roadmap scheme is simply shown in Figure 5.

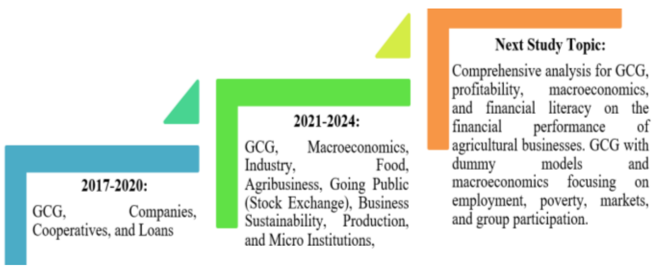

Figure 5. Future Research Roadmap Related to Financial Performance and Profitability of Agricultural Sector Businesses.

Based on the roadmap, conceptually the future investigation on GCG, macroeconomics, financial literacy, and profitability for agricultural company performance is shown in Figure 6 below.

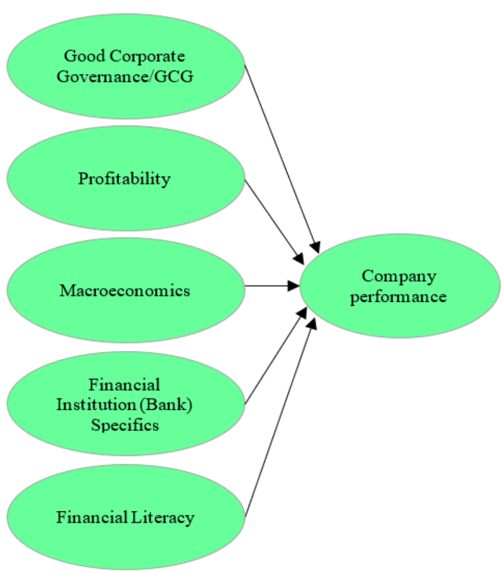

Figure 6. Conceptual Framework for Future Research.

DISCUSSION

The results of the analysis reconfirm the theory and basic principles of GCG as a process and mechanism of corporate management to improve business success manifested in financial performance and profitability. Moreover, it reaffirms GCG as a form of accountability to realize long-term corporate value while still considering the interests of internal parties, including external parties such as investors. About signal theory, GCG discussed by previous researchers emphasizes the importance of a company running a business based on laws and regulations and business ethics values (Aluoch, 2022; and Aluoch, 2021).

Despite that, there is still a long way to go in the future. The researchers admit that there are still weaknesses in generalizing the findings, such as considering the analysis of dummy measurement models (Syamni *et al*., 2017), and looking for an ideal format for the composition of the number of audits that often create agency conflicts. The solution is not only in the ideal composition, it is much more important to create a balance between the size of the board of directors and the number they can maintain so as not to affect performance (Idagiju *et al*., 2024; and Américo *et al*., 2019). In addition, another important note that researchers emphasize is the role of financial literacy in strengthening GCG. Because, the better the financial literacy, the more stakeholder participation is created in agricultural businesses. It's just that financial literacy is still very limited in empirical evidence to explain how strong its influence is in creating GCG.

The last agenda emphasized by the researchers is regarding the expansion of the benefits of GCG, financial performance, and/or profitability of agricultural sector companies in job creation, then expanding the financial market segment, and group participation (Idagiju *et al*., 2024; Simanjuntak *et al*., 2024; Ture and Cahyaningsih, 2023; Noja *et al*., 2023; Jean-Petit and Zheng, 2022; Aluoch, 2022; and Sibuea *et al*., 2022). One of the concepts offered is to encourage improvements in GCG and profitability to give a positive impression to investors. The targeted companies are the food industry (agroindustry), and agribusiness in the supply chain ideal scheme. Because equitable food distribution is a guarantee of sustainable agriculture (Saputra *et al*., 2024).

***Conclusion*:** The study of the role of GCG and profitability in the financial performance of the agricultural sector during 2017-2024 is spread across Asia, Africa, Europe, and America. In Asia, it was conducted in Indonesia, China, and Iran. Africa was conducted in Kenya and Nigeria. Europe was conducted in New Zealand, Serbia, and Russia. For America, it was conducted in Brazil and the United States. The results of the analysis found that GCG has a significant impact on the financial profitability of the agricultural sector, and contributes to the growth of the agricultural and agribusiness economy. Behind that there is still a gap, where GCG in some

companies is still relatively bad so that it has an impact on indications of failed businesses, and is bad in terms of asset returns which then gives the conclusion that GCG has a negative effect on profitability and financial performance.
In response to such contradictions, further synthesis is still needed by simultaneously re-investigating GCG, profitability, macroeconomics, and financial literacy on the financial performance of agricultural businesses. As a note, GCG with a dummy model, while macroeconomics focuses on employment, poverty, markets, and group participation.

***Theoretical Implications*:** To develop the financial performance of the agricultural sector, it can be done by improving the implementation of GCG. The better the GCG, the better the profitability. The better the profitability, the more positive the impression for investors.

***Practical Implications*:** To develop financial performance in agricultural sector companies, GCG must be improved by determining the ideal proportion of management composition (board of directors and audit committee), and early mitigating the potential for conflicts of interest and/or tensions between managers.

***Limitations and Suggestions*:** These findings are based on secondary data reports, so they cannot comprehensively explain the real problems at the Company level. Future research considers more specific cases using large populations (big data), as well as time series data to explain events across time. Thus, the conclusions produced will be stronger, including the generalization of the theory.

In addition, future studies will focus on the cultural and institutional factors in various countries and regions, aiming to enhance the understanding of GCG's impact on profitability. A key challenge is establishing a causal link between GCG and profitability. The research will address this complexity; and to mitigate endogeneity bias, appropriate econometric methods will be employed, ensuring more reliable results.

***Author Contribution*:** The first author is the main contributor, while the other authors act as supervisors.

Conflict of Interest:

This study did not involve people (samples) and there were no sponsors, so it can be ensured that the contents of this manuscript are free from conflicts of interest.

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SDG's addressed: No Poverty, Zero Hunger, Decent Work and Economic Growth, Responsible Consumption and Production, Partnerships for the Goals.

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